

## IX. SUMMARY OF FINDINGS BY DEMOGRAPHIC

This section provides a summary of the findings of the study overall and by community type, revenue size and other selected areas. These findings relate to patient mix, total revenues and excess revenues, various community benefit expenditures (including uncompensated care, research, education and training, and community programs), and executive compensation.

### **Demographics and Community Benefit Profile for All Hospitals in the Study**

- Patient mix – private insurance (43%), Medicare (31%), Medicaid (15%), uninsured (8%), and other public programs (3%)
- Annual total revenues - \$179 million (average) and \$89 million (median)
  - Distribution - 53% with revenues under \$100 million (17% under \$25 million); 27% with revenues between \$100 million and \$250 million; 20% with revenues over \$250 million (7% over \$500 million)
- Excess revenues were 4.6% of total revenues, but increased with total revenue size
  - 3.3% (under \$25 million) to 5.5% (over \$500 million)
  - Average and median excess revenue amounts were \$8.3 million and \$2.5 million, respectively
  - 60% of hospitals reported excess revenues less than 5% of total revenues
    - 21% reported a deficit (total expenses greater than revenues)
    - 19% reported positive excess revenues less than 2.5% of revenues; 39% reported positive excess revenues less than 5% of total revenues
  - Excess revenues were concentrated in a small number of the most profitable hospitals – 16% of the hospitals (those reporting at least \$15 million in excess revenues) reported 77% of the excess revenues
- Community benefit expenditure profile
  - Average and median community benefit expenditures reported as a percentage of total revenues were 9.2% and 5.5%, respectively
  - Mix across types of community benefit expenditure – 56% of reported expenditures were uncompensated care, followed by medical education and training (23%), medical research (15%), and community programs (6%)
    - The mix changes as follows when the 15 hospitals reporting 93% all of the reported research expenditures is removed from the group: 71% of reported community benefit expenditures were uncompensated care, followed by medical education and training (21%), community programs (7%), and medical research (1%)
- Uncompensated care
  - Average and median percentage of patients provided uncompensated care were 10% and 3%, respectively (compared to 8% of uninsured patients).

- Average and median percentage of total revenues reported as spent on uncompensated care were 7.2% and 3.9%, respectively
- 95% of hospitals reported uncompensated care; 44% reported treating bad debt and 51% reported treating uninsured shortfalls as uncompensated care; lesser percentages reported shortfalls from private insurance (19%), Medicare (20%), Medicaid (20%), other public programs (18%) as uncompensated care
- Research, education, and community programs
  - Average and median expenditures as percentage of total revenues, respectively: medical education and training (1.3% and 0.3%); medical research (1.6% and 0.2%); community programs (0.9% and 0.2%)
  - 77% of hospitals reported medical education and training, 21% reported medical research, and 92% reported community program expenditures
- Comparison of community benefit expenditure and uncompensated care levels to specified percentage of revenue levels
  - Community benefit expenditures under 2% of total revenues (21%); under 5% of total revenues (47%)
  - Uncompensated care under or equal to 1% of total revenues (19%); under or equal to 3% of total revenues (43%); under or equal to 5% of total revenues (58%)

### **By Community Type**

The community benefit expenditure profile (i.e., the mix of uncompensated care, medical research, medical education and training, and community program expenditures) of the hospitals in the study varied materially depending upon the community type (CAH, rural (non-CAH), other urban and suburban, and high population). This variation tended to be greatest when comparing CAH hospitals to high population hospitals. CAHs often resembled rural (non-CAH) hospitals, but there were important differences between the two types in some areas. In general, the profile of the group of other urban and suburban hospitals generally reflected that of the overall group, in large part because of its sample size. Rural hospitals as a group (CAH and non-CAH) reported lower average and median percentages of aggregate community benefit expenditures than did urban and suburban hospitals (high population and other urban and suburban hospitals).

### ***High Population Hospitals***

High population hospitals were the largest of the hospitals in terms of average and median annual total revenues. They had a higher proportion of Medicaid patients, and a lower proportion of Medicare patients, than the other hospitals. High population hospitals reported the highest average and median percentages of aggregate community benefit expenditures, uncompensated care, medical education and training, and medical research, as a percentage of total revenues. They also had the highest percentage of hospitals reporting medical research and medical education and training expenditures. These hospitals are located in

the largest 26 urban areas in the U.S.; they comprised 19% of the hospitals in the study.

- Patient mix – private insurance (44%), Medicare (28%), Medicaid (19%), uninsured (8%), and other public programs (4%)
- Annual total revenues – the average and median total revenues were \$389 million and \$196 million, respectively; they comprised 41% of aggregate total revenues overall – on average, these hospitals had over twice the revenues of those overall
- Excess revenues – excess revenues as a percentage of total revenues was 4.5% (compared to 4.6% overall)
  - The average and median excess revenue amounts were \$17.5 million and \$4.2 million, respectively (greater than any other community type)
  - 22% of these hospitals reported a deficit, and 69% reported a deficit or positive excess revenues less than 5% of total revenues
- Community benefit expenditure profile
  - Average and median community benefit expenditures reported as a percentage of total revenues were 12.7% and 9.8%, respectively (both the largest of all community types)
  - Mix across types of community benefit expenditure– 42% of reported community benefit expenditures were uncompensated care, followed by medical education and training (26%), medical research (25%), and community programs (7%)
- Uncompensated care
  - Average and median percentage of patients provided uncompensated care were 11% and 6%, respectively (highest of all community types)
  - Average and median percentage of total revenues reported as spent on uncompensated care were 7.9% and 4.8%, respectively (highest of any community type)
  - 96% of these hospitals reported providing uncompensated care; a lesser percentage reported treating all types of shortfalls as uncompensated care, but a greater percentage reported treating bad debt as uncompensated care, compared to overall
- Research, education and community programs
  - Average and median expenditures as percentage of total revenues, respectively: medical education and training (2.7% and 1.6% - highest of all community types); medical research (3.2% and 0.4% - highest of all community types); community programs (1.7% and 0.2%)
  - 86% of hospitals reported medical education and training, and 40% reported medical research expenditures (both were the highest of all community types); 95% reported community program expenditures of some type
- Comparison of community benefit expenditures and uncompensated care to specified percentage of revenue levels
  - Community benefit expenditures under 2% of total revenues (11%); under 5% of total revenues (32%)

- Uncompensated care under or equal to 1% of total revenues (8%); under or equal to 3% of total revenues (33%); under or equal to 5% of total revenues (52%)

### ***Critical Access Hospitals (CAHs)***

CAHs were the smallest of the hospitals in terms of average and median annual total revenues across community types. They had a higher proportion of Medicare patients than did the other hospitals, but lower proportions of private insurance and Medicaid patients than the others. CAHs reported the lowest average and median percentages of aggregate community benefit expenditures, uncompensated care, medical education and training, and medical research, as a percentage of total revenues. They also had the lowest percentage of hospitals reporting medical research and medical education and training expenditures.

- CAH refers to those hospitals designated as such under federal law; they comprised 14% of hospitals in the study
- Patient mix – private insurance (38%), Medicare (36%), Medicaid (13%), uninsured (8%), and other public programs (3%)
- Annual total revenues – the average and median total revenues for CAHs were \$29 million and \$20 million, respectively; CAHs comprised 2% of aggregate total revenues overall (smallest of community types based on revenues)
- Excess revenues – excess revenues as a percentage of total revenues was 3.5% (lowest of the community types)
  - the average and median excess revenue amounts for CAHs were \$1.0 million and \$0.5 million, respectively (also lowest of the community types)
  - 34% of all CAHs reported a deficit, and 66% reported a deficit or positive excess revenues less than 5% of total revenues
- Community benefit expenditure profile
  - Average and median community benefit expenditures reported as a percentage of total revenues were 6.3% and 2.8%, respectively
  - Mix across types of community benefit expenditures – 77% of reported community benefit expenditures were uncompensated care, followed by community programs (19%), medical education and training (4%), and medical research (0%)
- Uncompensated care
  - Average and median percentage of patients provided uncompensated care were 7% and 2%, respectively (lowest of the community types)
  - Average and median percentage of total revenues reported as spent on uncompensated care were 5.6% and 2.1%, respectively (lowest of the community types)
  - 94% of CAHs reported providing uncompensated care; a greater percentage of CAHs reported treating most types of shortfalls as uncompensated care, but a lesser percentage reported treating bad debt as uncompensated care, compared to overall
- Research, education and community programs

- Average and median expenditures as percentage of total revenues, respectively: medical education and training (0.2% and 0.1%); medical research (0% and 0%) (both lowest of all community types); community programs (1% and 0.3%)
- 60% of CAHs reported medical education and training; 91% reported community program expenditures of some type
- Comparison of community benefit expenditures and uncompensated care to specified percentage of revenue levels
  - Community benefit expenditures under 2% of total revenues (39%); under 5% of total revenues (61%)
  - Uncompensated care under or equal to 1% of total revenues (31%); under or equal to 3% of total revenues (59%); under or equal to 5% of total revenues (67%)

### ***Rural (non-CAH) Hospitals***

This group was the second smallest community type in terms of average and median annual total revenues, after CAHs. Rural (non-CAH) hospitals had a relatively low percentage of Medicaid patients compared to the other community types, and reported the lowest percentage of uninsured patients of all the community types. The community benefit expenditure and uncompensated care profile for this group resembled that of CAHs, in that they generally reported relatively low average and median aggregate community benefit expenditures, uncompensated care, medical education and training, and medical research, as a percentage of total revenues, when compared to the other hospitals (except for CAHs). However, rural (non-CAH) hospitals reported higher percentages of medical education and training expenditures, and lower percentages of community program expenditures, as a percentage of total revenues, than did CAHs.

- Includes those hospitals outside the urban and suburban areas that were not designated as CAHs; they comprised 16% of hospitals in the study
- Patient mix – private insurance (44%), Medicare (33%), Medicaid (13%), uninsured (7%), and other public programs (3%)
- Annual total revenues – the average and median total revenues were \$93 million and \$68 million, respectively; these hospitals comprised 8% of aggregate total revenues overall – on average, these rural hospitals had greater revenues than CAHs
- Excess revenues – excess revenues as a percentage of total revenues was 6.0% (highest of any community type)
  - the average and median excess revenue amounts were \$5.6 million and \$3.4 million, respectively (greater than CAHs)
  - 13% reported a deficit and 42% reported a deficit or positive excess revenues less than 5% of total revenues (both were lowest percentages of any community type)
- Community benefit expenditure profile
  - Average and median community benefit expenditures reported as a percentage of total revenues were 8.4% and 3.2%, respectively

- Mix across types of community benefit expenditures – 76% of reported community benefit expenditures were uncompensated care, followed by medical education and training (17%), community programs (6%), and medical research (1%)
- Uncompensated care
  - Average and median percentage of patients provided uncompensated care were 8% and 2%, respectively
  - Average and median percentage of total revenues reported as spent on uncompensated care were 7.6% and 2.7%, respectively
  - 96% of these hospitals reported providing uncompensated care; a greater percentage reported treating all types of shortfalls as uncompensated care, but a lesser percentage reported treating bad debt as uncompensated care, compared to overall
- Research, education and community programs
  - Average and median expenditures as percentage of total revenues, respectively: medical education and training (0.6% and 0.2%); medical research (0.5% and 0.3%); community programs (0.6% and 0.2%)
  - 72% of hospitals reported medical education and training; 96% reported community program expenditures of some type
- Comparison of community benefit expenditures and uncompensated care to specified percentage of revenue levels
  - Community benefit expenditures under 2% of total revenues (31%); under 5% of total revenues (57%)
  - Uncompensated care under or equal to 1% of total revenues (25%); under or equal to 3% of total revenues (52%); under or equal to 5% of total revenues (65%)

### ***Other Urban and Suburban Hospitals***

This group was the second largest community type in terms of average and median annual total revenues, after high population hospitals, and its average and median total revenue measures closely resembled those of the overall responding group. Its patient mix was nearly identical to that of the overall responding group. This community type generally was around the middle (rather than on the high or low ends) with respect to most measures of aggregate community benefit expenditures, uncompensated care, medical education and training, and medical research, as a percentage of total revenues. Its mix of community benefit expenditures differed from the overall group, however. Other urban and suburban hospitals reported higher aggregate community benefit expenditures as uncompensated care and lower expenditures as medical research as compared to the overall group.

- Includes those hospitals located in urban and suburban areas other than in the largest 26 urban areas in the U.S.; they comprised 51% of the hospitals in the study
- Patient mix – private insurance (44%), Medicare (30%), Medicaid (15%), uninsured (8%), and other public programs (3%)

- Annual total revenues – the average and median total revenues were \$169 million and \$114 million, respectively; they comprised 48% of aggregate total revenues overall – on average, this group’s revenue profile was close to that of the overall group
- Excess revenues – excess revenues as a percentage of total revenues was 4.6% (same as that for overall group)
  - the average and median excess revenue amounts were \$7.7 million and \$3.1 million, respectively (similar to overall group)
  - 20% of these hospitals reported a deficit, and 60% reported a deficit or positive excess revenues less than 5% of total revenues
- Community benefit expenditure profile
  - Average and median community benefit expenditures reported as a percentage of total revenues were 8.9% and 5.8%, respectively (similar to that of overall group)
  - Mix across types of community benefit expenditures – 69% of reported community benefit expenditures were uncompensated care, followed by medical education and training (21%), community programs (5%), and medical research (5%)
- Uncompensated care
  - Average and median percentage of patients provided uncompensated care were 10% and 5%, respectively
  - Average and median percentage of total revenues reported as spent on uncompensated care were 7.3% and 4.3%, respectively (similar to overall group)
  - 95% of these hospitals reported providing uncompensated care; a lesser percentage reported treating all types of shortfalls as uncompensated care, but a greater percentage reported treating bad debt as uncompensated care, compared to overall
- Research, education and community programs
  - Average and median expenditures as percentage of total revenues, respectively: medical education and training (1.3% and 0.4%); medical research (0.7% and 0.1%); community programs (0.8% and 0.2%)
  - 80% of hospitals reported medical education and training, and 24% reported medical research expenditures; 89% reported community program expenditures of some type (lowest of the community types)
- Comparison of community benefit expenditures and uncompensated care to specified percentage of revenue levels
  - Community benefit expenditures under 2% of total revenues (17%); under 5% of total revenues (46%)
  - Uncompensated care under or equal to 1% of total revenues (17%); under or equal to 3% of total revenues (39%); under or equal to 5% of total revenues (55%)

### **Group of 15 Hospitals Reporting Highest Medical Research Expenditures**

This group of 15 hospitals comprised 3% of all hospitals in the study, but reported 93% of all medical research expenditures and 58% of all medical

education and training expenditures. This group reported larger total revenues and excess revenues than did the other hospitals in the study, and reported a materially different community benefit mix than did the other hospitals (e.g., it was the only demographic that did not report uncompensated care as its largest component of community benefit expenditures). The group's higher reported medical research expenditures materially increased the reported overall average medical research expenditures, and altered the community benefit mix, of the overall group.

- Annual total revenues – the average and median total revenues were both \$1.0 billion, compared to \$179 million and \$89 million, respectively, for the overall group
- Excess revenues – the average and median excess revenues were \$69 million and \$58 million, respectively, compared to \$8 million and \$3 million, respectively, for the overall group. Excess revenues as a percentage of total revenues was 7%, compared to 5% overall.
- Community benefit expenditure profile
  - Average and median community benefit expenditures reported as a percentage of total revenues were both 19%, compared to 9% and 6%, respectively, for the overall group
  - Mix across types of community benefit expenditures – 45% of aggregate community benefit expenditures were medical research, followed by medical education and training (28%), uncompensated care (22%), and community programs (5%)
  - The community benefit mix for the overall group changed when this group of hospitals was removed, with uncompensated care increasing from 56% to 71% of overall community benefit expenditures, medical education and training decreasing from 23% to 21%, medical research decreasing from 15% to 1%, and community program expenditures increasing from 6% to 7%
- Uncompensated care
  - The average and median percentages of revenues reported as spent on uncompensated care for the group of 15 hospitals was 6% and 3%, respectively, compared to 7% and 4% respectively, for the overall group
- Research, medical education and training expenditures
  - The average and median percentages of revenues reported as spent on medical research were 8.3% and 7.1%. The overall average and median percentages for the overall group decreased from 1.6% and 0.2%, respectively, to 0.5% and 0.1%, respectively, when these hospitals were removed from the overall group.
  - The average and median percentages of revenues reported as spent on medical education and training were 4.9% and 3.8%, respectively, compared to 1.3% and 0.3%, respectively, overall.
- Comparison of community benefit expenditures and uncompensated care to specified percentage of revenue levels



- All hospitals in the group of 15 reported community benefit expenditures greater than 5% of revenues
- Three hospitals in the group reported no uncompensated care; of the remaining 12 hospitals in the group, four reported uncompensated care expenditures in each of the following ranges: over 1% but less than or equal to 3%, over 3% but less than or equal to 5%, and over 5%.

### **By Hospital Size (Annual Total Revenues)**

The community benefit profile of the hospitals in the study generally followed a pattern across the hospital size categories: the largest percentage of community benefit expenditures was reported as spent on uncompensated care, generally followed by medical education and training, community program expenditures, and medical research. However, the relative percentages spent on each type of community benefit expenditure varied across the hospital size categories.

#### ***Less than \$25 million revenue size***

This group had the highest percentage of uninsured patients and patients covered by Medicare or other public insurance, and the lowest percentage of patients covered by private insurance. This group had the lowest participation rates in medical research and medical education and training, and generally had relatively low participation rates in the various community programs. This group had the lowest median percentage, but the highest average percentage, of total revenues reported as spent on uncompensated care. The group of hospitals with total revenues under \$25 million reported the highest percentage of aggregate community benefit expenditures spent on uncompensated care, and the lowest percentages spent on medical research and medical education and training.

- Comprised 17% of hospitals in the study.
- Patient mix – private insurance (35%), Medicare (37%), Medicaid (16%), uninsured (9%), and other public programs (5%).
- Annual total revenues – the average and median total revenues were \$14 million and \$15 million, respectively. Comprised 1% of total revenues.
- Excess revenues – excess revenues as a percentage of total revenues was 3.3% (lowest of the revenue sizes)
  - the average and median excess revenue amounts were \$0.5 million and \$0.3 million, respectively (also lowest of the revenue sizes)
  - 35% of all hospitals in this revenue category reported a deficit (highest of all revenue sizes), and 63% reported a deficit or positive excess revenues less than 5% of total revenues
- Community benefit expenditure profile
  - Average and median community benefit expenditures reported as a percentage of total revenues were 9.9% and 3.4%, respectively.
  - Mix across types of community benefit expenditures – 93% of reported community benefit expenditures were uncompensated care, followed by community programs (6%), medical education and training (1%), and medical research (0%).
- Uncompensated care

- Average and median percentage of patients provided uncompensated care were 9.2% and 2.7%, respectively.
- Average and median percentage of total revenues reported as spent on uncompensated care were 9.3% and 3.1%, respectively (highest average percentage, but lowest median percentage of the revenue sizes).
- 93% reported providing uncompensated care; a greater percentage reported treating most types of shortfalls as uncompensated care, but a lesser percentage reported treating bad debt as uncompensated care, compared to overall.
- Research, education and community programs
  - Average and median expenditures as percentage of total revenues, respectively: medical education and training (0.2% and 0.1%); medical research (0.1% and 0.1%); community programs (0.9% and 0.2%)
  - 48% reported medical education and training (compared to 77% overall); 82% reported community program expenditures of some type.
- Comparison of community benefit expenditures and uncompensated care to specified percentage of revenue levels
  - Community benefit expenditures under 2% of total revenues (34%); under 5% of total revenues (60%).
  - Uncompensated care under or equal to 1% of total revenues (26%); under or equal to 3% of total revenues (49%); under or equal to 5% of total revenues (60%).

### ***Over \$500 million revenue size***<sup>71</sup>

The hospitals with total revenues over \$500 million had the highest percentage of Medicaid patients and the lowest percentage of Medicare patients. This group had a participation rate in uncompensated care that was less than that of the other hospital size groups, and in medical research that was greater than that of the other groups. It had a relatively high participation rate in medical education and training, and relatively low participation rates in most of the community program expenditure types. This group had relatively high average and median percentages of total revenues reported as spent on community benefit expenditures. The group of hospitals with total revenues over \$500 million had relatively high percentages of aggregate community benefit expenditures reported as spent on medical education and training and medical research, and relatively low percentages reported as spent on uncompensated care and community programs. This group's average and median percentages of total revenues spent on medical research and medical education and training were the largest reported percentages of all of the hospital size categories.

- Comprised 7% of hospitals in the study.
- Patient mix – private insurance (46%), Medicare (23%), Medicaid (21%), uninsured (8%), and other public programs (3%); lowest percentage of Medicare and highest percentage of Medicaid of all revenue sizes.

---

<sup>71</sup> Certain information included in this section is not displayed in the figures included earlier in the report to prevent potential identification of respondent hospitals.

- Annual total revenues – the average and median total revenues for the group were \$964 million and \$735 million, respectively. Comprised 40% of revenues of all hospitals.
- Excess revenues – excess revenues as a percentage of total revenues was 5.5% (highest of the revenue sizes)
  - The average and median excess revenue amounts were \$53.4 million and \$38.3 million, respectively (also highest of the revenue sizes).
  - 50% of the hospitals in this category reported a deficit or positive excess revenues less than 5% of total revenues.
- Community benefit expenditure profile
  - Average and median community benefit expenditures reported as a percentage of total revenues were 12.4% and 10.5%, respectively.
  - Mix across types of community benefit expenditures – 35% of reported community benefit expenditures were uncompensated care, followed by medical education and training (32%), medical research (29%), and community programs (4%).
- Uncompensated care
  - Average and median percentage of patients provided uncompensated care were 16.6% and 5.3%, respectively.
  - Average and median percentage of total revenues reported as spent on uncompensated care were 5.6% and 4.7%, respectively.
  - More than 90% reported providing uncompensated care; the greatest percentage reported treating bad debt as uncompensated care, but the lowest percentage reported treating private insurance, Medicare, Medicaid and other public insurance as uncompensated care, compared to overall
- Research, education and community programs
  - Average and median expenditures as percentage of total revenues, respectively: medical education and training (4.5% and 3.8%) (highest of any revenue size); medical research (3.9% and 1.2%) (highest of any revenue size); community programs (0.7% and 0.2%)
  - 92% reported medical education and training ; 67% reported medical research expenditures (highest of any revenue size); 81% reported community program expenditures of some type
- Comparison of community benefit expenditures and uncompensated care to specified percentage of revenue levels
  - Community benefit expenditures under 5% of total revenues (19%)
  - Uncompensated care under or equal to 1% of total revenues (9%); under or equal to 3% of total revenues (33%); under or equal to 5% of total revenues (60%)

### ***Other Revenue Size Categories (\$25 million to \$500 million)***

In general, the hospitals in the middle three revenue size categories (covering \$25 million to \$500 million) reported data similar to the overall group of hospitals. In this section, these three revenue size categories (\$25 million to \$100 million, \$100 million to \$250 million and \$250 million to \$500 million) are discussed together as there are few significant variations between the groups.

- The remaining three revenue size groups comprised 75% of the hospitals in the study.
- Patient mix was similar to the overall group.
- Annual total revenues of the three groups comprised 59% of revenues of all hospitals.
- Excess revenues as a percentage of total revenues ranged from 3.8% to 4.4%
- The percentage of hospitals that reported a deficit decreased as revenue size increased.
- Within the three revenue sizes, the average and median community benefit expenditures reported as a percentage of total revenues increased with revenue size.
- Uncompensated care
  - Within the three revenue sizes, the average and median percentages of patients provided uncompensated care increased with revenue size.
  - The percentage of hospitals within the three revenue sizes providing uncompensated care was at least 95%. The percentage of community benefit expenditures represented by uncompensated care ranged from 72% to 77%.
- Research, education and community programs
  - Percentages of hospitals within the three revenue sizes providing education and training ranged from 72% to 93%; providing research ranged from under 10% to 49%; and providing community programs ranged from 93% to 100%.
  - Percentage of hospitals that reported conducting education and training and medical research increased with revenue size.
- Comparison of community benefit expenditures and uncompensated care to specified percentage of revenue levels
  - Community benefit expenditures under 2% of total revenues for the three revenue sizes ranged from under 10% to 30%; under 5% of total revenues ranged from under 35% to 56%. The percentages decreased as revenue size increased.
  - Uncompensated care under or equal to 1% of total revenues for the three revenue sizes ranged from 12% to 20%; under or equal to 3% of total revenues ranged from 34% to 49%; under or equal to 5% of total revenues ranged from 49% to 61%. The percentages decreased as revenue size increased.

### **Other Findings and Observations**

- Excess revenues analysis
  - Excess revenues as a percentage of total revenues varied by community type. The largest percentage (6%) was reported by the rural-non CAH group of hospitals. The lowest was reported by CAHs (3.5%).
  - Excess revenues as a percentage of total revenues increased with revenue size (3.3% for smallest to 5.5% for largest; 4.6% overall). The percentage of hospitals reporting a deficit decreased with revenue size.

- Community benefit expenditure analysis
  - Overall community benefit expenditures
    - High population hospitals reported spending a significantly higher percentage of average and median total revenues on community benefit expenditures compared with the other community types. The lowest percentage was reported by CAHs.
    - With the exception of the under \$25 million category, the average percentages of revenue spent on community benefit expenditures increased with revenue size. The median percentages increased with revenue size for all categories.
  - Uncompensated care
    - High population hospitals reported highest average and median percentages of revenues spent on uncompensated care, and highest average and median percentage of patients receiving uncompensated care compared with all other community types. CAHs reported spending the lowest average and median percentages of revenue on uncompensated care and the lowest average and median percentage of patients receiving uncompensated care.
    - Smaller hospitals tended to report spending higher percentages of aggregate community benefit expenditures on uncompensated care. The average and median percentages of revenue spent on uncompensated care varied by revenue size. The highest average was reported by hospitals in the under \$25 million category (9.3%). The average percentage of patients receiving uncompensated care generally increased by revenue size, while the medians varied.
  - Research
    - High population hospitals reported conducting significantly more research than any other community type.
    - The percentage of hospitals that reported conducting medical research increased with revenue size, with hospitals in the over \$500 million category reporting the highest average and median percentages of revenues (3.9% and 1.2%, respectively).
  - Concentration of expenditures
    - Uncompensated care, medical research, and aggregate community benefit expenditures were not evenly distributed by the hospitals in the study, but were concentrated in a relatively small number of hospitals. 14% of the hospitals reported 63% of the aggregate uncompensated care expenditures; 26% of the hospitals reported 82% of the aggregate uncompensated care expenditures. 9% of the hospitals reported 60% of the aggregate community benefit expenditures; 19% of the hospitals reported 78% of the aggregate community benefit expenditures. 15 hospitals reported 93% of the aggregate reported medical research expenditures. This group also reported 58% of the aggregate reported medical education and training expenditures.

### **Per Capita Income and Health Insurance Coverage**

- Per capita income categories
  - Hospitals were divided into categories (below state average, at state average, and above state average) based on comparison of county per capita income and statewide per capita income.
  - In a separate comparison, hospitals were divided into categories (low per capita, high per capita, average per capita) based on comparison of county per capita income and income of all U.S. counties.
  - Key findings – There does not appear to be a correlation between community benefit expenditures and per capita income levels. However, under both methods, hospitals in the lower income categories reported average and median percentages of revenues spent on community benefit expenditures slightly lower than the overall group. Hospitals in the lower income levels had the highest representation in the lowest percentage of revenues spent on community benefit expenditures category (i.e., community benefit expenditures less than 2% of revenues).
- Health insurance coverage levels
  - Hospitals were divided into categories (low health coverage rate, medium health coverage rate, high health coverage rate) based on the uninsured rate of the county where located.
  - In a separate comparison, hospitals were divided into the same categories based on the comparing the county's percentage of insured individuals with the percentages for counties nationwide.
  - Key findings – The results suggest a correlation between community benefit expenditures and health insurance coverage levels. The average and median percentages of total revenues reported as spent on community benefit expenditures increased as the health coverage level decreased. Hospitals with low health coverage rates (high percentage of uninsured individuals) reported the highest percentage of hospitals reporting community benefit expenditures greater than 20% of revenues.

### **Executive Compensation Findings by Community Types**

- The average and median salary, other compensation, and total compensation was lower for rural hospitals (CAH and non-CAH) than for the suburban and urban hospitals (high population and other urban and suburban).
- The average and median total compensation amounts, respectively, reported by the respondents in the study for the top management official were as follows:
  - For critical access hospitals - \$178,000 and \$169,000
  - For non-CAH rural hospitals - \$326,000 and \$257,000
  - For other urban and suburban hospitals - \$521,000 and \$426,000
  - For high population hospitals - \$781,000 and \$566,000

- Overall, \$490,000 and \$377,000

### **Executive Compensation Findings by Revenue Size Categories**

- The average and median salary, other compensation, and total compensation increased as revenue levels increased.
- The average and median total compensation amounts, respectively, reported by the respondents in the study for the top management official were as follows:
  - Revenues under \$25 million - \$171,000 and \$140,000
  - Revenues from \$25 million to \$100 million - \$338,000 and \$263,000
  - Revenues from \$100 million to \$250 million - \$554,000 and \$461,000
  - Revenues from \$250 million to \$500 million - \$791,000 and \$642,000
  - Revenues over \$500 million - \$1,092,000 and \$786,000
  - Overall, \$490,000 and \$377,000

### **Summary Tables of Certain Demographics and Reported Data**

The following charts provide an overview of key demographics and community benefit expenditure information reported by the hospitals in the study.

**Figure 118. Summary of Reported Data - Demographic Information**

Item	High Population	CAHs	Rural – non CAHs	Other Urban & Suburban	Revenues under \$25M	Revenues over \$500M	Overall
Number of hospitals	94	68	78	249	85	36	489
% of total hospitals	19%	14%	16%	51%	17%	7%	100%
Average total revenues (\$M)	\$389	\$29	\$93	\$169	\$14	\$964	\$179
Median total revenues (\$M)	\$196	\$20	\$68	\$114	\$15	\$735	\$89
% of hospitals with total revenues < \$100 M	25%	*	*	45%	100%	0%	53%
% of hospitals with total revenue >\$250 M	40%	*	*	21%	0%	100%	20%
% of total revenues	41%	2%	8%	48%	1%	40%	100%
% of total excess revenues	40%	2%	11%	48%	1%	47%	100%
Average excess revenues (\$M)	\$18	\$1	\$6	\$8	\$1	\$53	\$8
Median excess revenues (\$M)	\$4	\$1	\$3	\$3	\$0	\$38	\$3
Excess revenues as % of total revenues	5%	4%	6%	5%	3%	6%	5%
% hospitals with deficit excess revenues	22%	34%	13%	20%	35%	*	21%
% of hospitals with excess revenue <2.5% of total revenue	47%	44%	28%	40%	51%	*	40%
% of hospitals with excess revenue <5% of total revenue	69%	66%	42%	61%	64%	*	60%
% of patients with Medicare	28%	36%	33%	30%	37%	23%	31%
% of patients with Medicaid	19%	13%	13%	15%	16%	21%	15%
% of patients uninsured	8%	8%	7%	8%	9%	8%	8%
% of patients with private insurance	44%	38%	44%	44%	35%	46%	43%
% of patients with other public insurance	4%	3%	3%	3%	5%	3%	3%

M=million. \* Not shown to prevent potential identification of respondent hospitals.



**Figure 119. Summary of Reported Information - Community Benefit Expenditure Data**

Item	High Population	CAHs	Rural – non CAHs	Other Urban & Suburban	Revenues under \$25M	Revenues over \$500M	Overall
Community benefit expenditures as % of total revenue (average)	13%	6%	8%	9%	10%	12%	9%
Community benefit expenditures as % of total revenue (median)	10%	3%	3%	6%	3%	11%	6%
% of hospitals with community benefit expenditures <2% of total revenue	11%	39%	31%	17%	34%	*	21%
% of hospitals with community benefit expenditures <5% of total revenue	32%	61%	57%	46%	60%	*	47%
Uncompensated care as % of community benefit expenditures	42%	77%	76%	69%	93%	35%	56%
Medical education & training as % of community benefit expenditures	26%	4%	17%	21%	1%	32%	23%
Research as % of community benefit expenditures	25%	0%	1%	5%	0%	29%	15%
Community program expenditures as % of community benefit expenditures	7%	19%	6%	5%	6%	4%	6%
Uncompensated care as % of total revenue (average)	8%	6%	8%	7%	9%	6%	7%
Uncompensated care as % of total revenue (median)	5%	2%	3%	4%	3%	5%	4%
% of hospitals with uncompensated care ≤ 1% of total revenue	8%	31%	25%	17%	26%	9%	19%
% of hospitals with uncompensated care ≤ 3% of total revenue	33%	59%	52%	39%	49%	33%	43%
% of hospitals with uncompensated care ≤ 5% of total revenue	52%	67%	65%	55%	60%	60%	58%
% of patients receiving uncompensated care (average)	11%	7%	8%	10%	9%	17%	10%
% of patients receiving uncompensated care (median)	6%	2%	2%	5%	3%	5%	3%
% of hospitals including bad debt as uncompensated care	47%	34%	35%	48%	41%	*	44%
% of hospitals including Medicare shortfalls as uncompensated care	14%	24%	28%	19%	27%	*	20%
% of hospitals including Medicaid shortfalls as uncompensated care	16%	19%	34%	18%	21%	*	20%
% of hospitals including private insurance shortfalls as uncompensated care	12%	28%	31%	15%	24%	*	19%
% of hospitals including uninsured shortfalls as uncompensated care	47%	53%	62%	47%	55%	*	51%
% of hospitals including other public program shortfalls as uncompensated care	14%	22%	32%	14%	21%	*	18%

\* Not shown to prevent potential identification of respondent hospitals.